

April 30, 2009

Mr. Tom Stolle (3HS51)  
USEPA Region III  
1650 Arch Street  
Philadelphia, Pennsylvania 19103

Re: **Request for Supplemental Assistance**  
**U.S. EPA Brownfield Cleanup Revolving Loan Fund – State of Delaware**

Dear Mr. Stolle:

The State of Delaware Department of Natural Resources and Environmental Control (DNREC) is pleased to submit this request for supplemental funding in the amount of \$400,000.00 for the current the current USEPA Brownfields Cleanup Revolving Loan Fund. Additional funding will permit the DNREC to continue its efforts to revitalize contaminated sites that plague the State and diminish quality of life for its citizens. This funding will provide financial resources to eligible parties that struggle to cleanup and revitalize impoverished communities by creating jobs, improving housing stocks, and establishing a basis for sustainability.

This request compliments previous Cooperative Agreements such as the Brownfields Job Training Grant and the State's Subtitle C award. Moreover, the supplemental assistance will be used in conjunction with the Department's Brownfield Grant Funding Policy to ensure that eligible entities can leverage State and Federal funds with the private financing markets.

The supplemental funding will also ensure that projects emphasize the maintenance of the existing labor bases, promote redevelopment that adheres to smart growth principles, encourage green development plans, and work with all levels of governmental housing authorities to assist in the financing of affordable and inclusionary housing.

It is important to note that the Department has successfully managed and implemented procedures to establish clear communication between the two Divisions responsible for the approval, underwriting, and servicing of RLF loans.

The following information is provided for your convenience:

**1. Applicant Information:**

Delaware Department of Natural Resources and Environmental Control  
Richardson-Robbins Building  
89 Kings Highway  
Dover, Delaware 19901

**2. Funding Requested:**

a. Supplemental Assistance - \$400,000.00

**3. Location:**

State of Delaware, Department of Natural Resources and Environmental Control  
Richardson-Robbins Building  
89 Kings Highway  
Dover, Delaware 19901

**4. Project Contacts:**

Project Director  
James M. Poling, Esq.  
Brownfields Administrator  
DNREC-SIRB  
391 Lukens Drive

Agency Executive  
Collin P. O'Mara  
Secretary of DNREC  
Richardson-Robbins Building  
89 Kings Highway

**5. Date Submitted:** April 30, 2009

**6. Project Period:** July 1, 2005 – June 30, 2010

**7. Population:**

State of Delaware - 783,600 (Jurisdiction)  
City of Wilmington - 72,664, (Jurisdiction), 8,000, (Target Area)  
New Castle County – 500,265, (Jurisdiction), 122,282, (Target Area)  
Kent County – 126,275, (Jurisdiction), 52,271, (Target Area)  
Sussex County – 156,638 (Jurisdiction), 38,718, (Target Area)

## **8. Other:**

Areas of industrial development have historically concentrated along rivers and railroad transits throughout the State. Primary among these was the Christiana and Brandywine Rivers in Wilmington. This area has a rich industrial heritage, extensive land-filling and exhaustive land use changes. This area was, along with much of the east-side of Wilmington, the major commercial district of the City. Over the years this area has become down-trodden and the majority of minority, economically disadvantaged, and disenfranchised people reside in the area. The sub-grants spent and encumbered under the current RLF program are for sites located within this zone.

The Department's supplemental request is anticipated to further the achievements of the Department's successful brownfields program. It will help achieve the vision of returning the east-side of Wilmington, including the Riverfront, to the public and add to the continuing brownfield redevelopment success throughout the State.

Enclosed with this request letter is the necessary information that addresses the conditions outlined by the EPA for this request.

The State of Delaware, Department of Natural Resources and Environmental Control wish to thank you for the grant and we look forward to utilizing supplemental funds to positively effect the communities throughout the State impacted by brownfields.

Sincerely,

James M. Poling  
Brownfields Administrator

Enc.

Cc: James D. Werner, Director, DAWM  
Kathleen Stiller, Program Manager II, DAWM-SIRB  
Paul Will, Program Manager I, DAWM-SIRB

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## **SUPPLEMENTAL ASSISTANCE REQUEST**

State of Delaware  
Department of Natural Resources and Environmental Control  
Brownfields Cleanup Revolving Loan Fund  
Cooperative Agreement BF-97346601-0

### **I. Considerations:**

#### **1. Shovel-Ready Projects**

The following Brownfield sites in Delaware are ready to move forward with cleanup and construction. Although other sites are in the process of investigation, these sites are anticipated to be the first ones ready to start construction and eligible for the Revolving Loan Fund (RLF) program. The sites actually funded under the RLF will be determined at the time addition funds are awarded.

- a. **Sunday Breakfast Mission:** This facility houses both wayward men and unmarried women with children. It provides housing and meals to the homeless and under-privileged. The facility provides much needed services for the area. The cost of cleanup is expected to exceed \$100,000.00.
- b. **Habitat for Humanity:** Habitat for Humanity has worked with the Department on several brownfield sites in Wilmington promoting its mission of providing affordable/inclusionary housing to low and middle class residents within the City of Wilmington. The approved project is located within the Southbridge community. The project is adjacent to the Neighborhood House Community Center and a local public health facility. The cost of the cleanup is expected to exceed \$100,000.00
- c. **Kalmar Nyckle Challenge Program:** This project is located along the 7<sup>th</sup> Street Peninsula in east Wilmington. It encompasses the site of the construction of the replica of the three-mast Dutch sailing vessel that first landed in Wilmington. The project is to construct a new LEED certified building for the Challenge program. The program provides youths from the east-side of Wilmington who reside in communities impacted by brownfields with carpentry, mathematics, and project skills to aide them in gaining employment skills and completing their high school education. This project anticipates \$200,000.00 in cleanup.

## 2. Job Creation Maximization and Job Creation

Job creation has occurred in past or currently funded brownfield projects in the three categories listed in the Ability to track and measure progress in job creation section below. Future projects are anticipated to produce numerous employment opportunities in the same categories.

In category one, environmental jobs necessary to conduct the remediation, there have been no less than 75 jobs created as a result of brownfields cleanup work. In category two, construction jobs, there have been no less than 150 positions created in the projects conducted to date. Category three is the hardest to measure due to the fact that many of the projects are housing or social services which may or may not hire new employees. Projections for the sites where RLF sub-grant funding has been utilized range from fifty to two hundred jobs. Additionally, the jobs created as a result of the final use will enhance and spur local jobs that are ancillary to the needs of the community, including transportation needs, food services, and local market demand.

## 3. Ability to track and measure progress in job creation

Requests for RLF sub-grant and loan funding requires an applicant to detail job creation in three areas: 1) Environmental jobs necessary to conduct the remediation; 2) Construction jobs that occur throughout the cleanup and finalization process; and 3) Anticipated permanent jobs created by virtue of the redevelopment. In order to receive funding, an applicant must provide quarterly updates until a Certificate of Completion of Remedy (COCR) has been issued by the Department. This process will provide information throughout the entire remediation project.

## 4. Ability to track and measure progress of cleanups

The Department is the lead cleanup agency in the State and is tasked with tracking the cleanup from the time a site enters the program through the completion of the cleanup process. All parties seeking liability protection, comfort status, and/or reimbursement in any form must comply with applicable Department guidelines and procedures. Additionally, all reimbursement either through grant or loan programs must be accompanied by a detailed cost package that stipulates allowable activities for reimbursement. These packages are reviewed by Program Managers, Project Officers, the Brownfields Administrator, and a Management Analyst. Cleanup progress is tracked by the Project Officers and their managers through a spreadsheet with the date of each step in the process. The tracking system was developed through the Value Stream Mapping (VSM) process and is available for internal and public review.

## 5. Sub Grant and loan history

The Department's RLF program has completed its guidance documentation and has a Memorandum of Agreement with the Division of Water Resources, Financial Assistance Branch (FAB) to cover respective obligations and responsibilities for the management of the RLF. The Division of Air and Waste Management is responsible for the technical review and management of the brownfield project and the Division of Water Resources is responsible for the analysis of all loan and grant applications and the processing of the payments received. To date, sub-grants have been provided to four sites totaling over \$206,000.

The sites include:

- a. Railroad Crossing: The Wilmington Housing Partnership is working with the Department to remediate a site in the Browntown section of Wilmington. This section of the City was part of the industrial areas of Wilmington. The site has a Final Plan of Remedial Action and work is ongoing to remediate the site and develop affordable housing units closely located near the ongoing Riverfront redevelopment efforts. The Sub Grant has paid \$123,506.69 in remedial expenses to date.
- b. 829 North Church Street: The Ministry of Caring is redeveloping this site under the brownfield program. The site had a limited amount of contaminated soil removed under a Final Plan issued by the Department. The Ministry of Caring will be developing the site as a group aides home for clients in the area. The area of the City served by this facility is an under privileged area in need of the services. The Sub Grant has paid for \$8,207.79
- c. Cleveland Heights: The site is located in the City of Newark and is owned by the Newark Housing Authority. Prior to the Newark Housing Authority owning the site, it was used as a municipal waste landfill. The houses have been removed from the site and the landfill is being remediated to allow for future development. To date, the Sub Grant has paid for \$36,441.09 in remedial costs.
- d. 38 Vandever Avenue: The site is located in the Northeast section of Wilmington. This is a section of the City is impoverished and impacted by numerous brownfield sites. Kappa Mainstream is remediating the soil contamination at the site as a part of its

redevelopment. The site will be a community center for the local residence with a goal of providing much needed services such as job training opportunities. To date, the Sub Grant has for \$16,305.00 in remedial costs.

The Department has also received several loan applications totaling \$200,000.00 to \$400,000.00 dollars. Combined, these encumbered amounts will deplete the RLF funding severely and limit the amount of assistance the Department is available to offer to certified brownfield sites.

6. Need for supplemental funding

The communities represented in the Department's RLF application are Statewide. Once the encumbered sub-grants and loans are issued there remain numerous projects that intend to seek loan and sub-grant funding. The \$400,000.00 sought by the Department will enhance or supplement State funding or private funding sources. The Department has certified 116 brownfield sites, 13 in the past four months. The following site are proceeding through the assessment and investigatory stages of the brownfields process which are anticipated to be ready to move into remediation at approximately the time the RLF is awarded:

- a. Milton Rails-to-Trails: This project located in Sussex County will be the first rail-to trails project within the State. Its partners include the Department, the Department of Transportation, and the town of Milton. Milton was the first certified brownfield site in Delaware and has made great strides in overcoming its past industrial heritage and is seeking to create a sustainable, smart growth transportation grid wherein residents will require reduced vehicle requirements.
- b. La Esperanza: This project is located in Georgetown, the seat of Sussex County. The site is the largest Latin-American community center in Sussex County. The project envisions the addition of lands in order to construct parking facilities that will free the property for enhanced community activities and services.
- c. Diamond State Salvage: This project is located in northeast Wilmington. The site housed a historical mixed scrap and auto salvage facility. It underwent an EPA removal action that to date has hindered its full redevelopment. The property is located along the Brandywine River across from the central business district of the City. Final remediation includes forestation for stormwater management and an Urban Heat Island Mitigation project.

## 7. Ability to administer RLF funds

DNREC has been the recipient of various Brownfield cooperative agreements. The Department has received pre-remedial grants, a Brownfields Job Training grant, and most recently, a sub-title C, state enhancement grant. The Department has also received numerous CORE grants, and site specific NPL grants. All of these grants have reporting requirements as a requirement of awarding of the grant. DNREC has always met its reporting requirements and agreements throughout its history of receiving grants. In addition, the Division accordingly has a separate accounting office that provides financial data management and support for all state and federal funds. Moreover, the Division of Air and waste Management, Site Investigation and Restoration Branch (DAWM-SIRB) and the Division of Water Resources, Financial Assistance Branch (DWR-FAB) are working under a Memorandum of Agreement that allows the FAB to underwrite, conduct credit analysis, and service RLF loans.

The Financial Assistance Branch (FAB) is located within the Department's Division of Water Resources. It provides planning, engineering and financial assistance to a broad range of customers that request help in preventing or eliminating activities that cause water pollution including brownfield groundwater contamination. The Branch has a staff comprised of an administrator, four engineers, five fiscal/loan officers, and two administrative support personnel. Activities of the Branch include:

Providing wastewater planning grants for the development of general wastewater facility plans, long range wastewater facility plans, and regional wastewater facility plans. Providing engineering and technical assistance for developing new sanitary sewer districts and/or solving problems in existing sewer districts. The Branch provided assistance that has led to the development of the Ellendale Sanitary Sewer District, the Northeast Sanitary Sewer District (Leipsic), the Kenton Sanitary Sewer District, and the Farmington Sanitary Sewer District. Sanitary sewer systems are either under design or construction for each of these communities. Assistance is currently being provided for two additional areas.

Providing financial assistance in the form of economic feasibility studies, low interest loans, and grants for wastewater projects that eliminate sources of pollution or prevent future sources of pollution. Financing is available to municipalities for community wastewater management facilities, to individuals for the rehabilitation of failing septic systems, to dairy and poultry farmers for the implementation of manure management practices on their farms, and to individuals and businesses for underground storage tank sites that need groundwater cleanup. Financial assistance in the form of determining the economic feasibility of a project is also provided to communities with water utilities.



8. Ability to use RLF funding to supplement existing funds

The primary State funding source for brownfield investigations and cleanup resides within the Site Investigation and Restoration Branch's (SIRB) *Hazardous Substance Cleanup Act Policy on Brownfields Grants*. Due to the current recession and the sheer number of sites coming through the Brownfields Development Program, available funding is at a premium. This appears especially true of the small redevelopment authorities and non-profit organizations whose financial leverage has weakened. The Delaware Brownfields Program has seen an increase in the number of sites being developed by non-profit groups mainly in the form of affordable housing. As a result, there is a steady and increasing demand on the available brownfields funding even in this time of economic hardship.

9. Community benefit

It is important to reiterate that the targeted community for this project consists of all communities/municipalities within the State of Delaware that fall into designated growth areas. These areas include all of the incorporated municipalities throughout the State. This is necessary because the State is experiencing severe growth pressures, and it is the intent of the State to focus growth in areas with adequate existing infrastructure and resources. Equally important is an understanding that small communities are often more burdened by Brownfields than larger areas. Brownfields in smaller communities often are located in central districts that affect growth and livability within the entire community.

The benefits to these targeted growth areas consist of communities free of environmental degradation, removal of blighted buildings, and an increase in the tax base which fosters better policing, improved design control, and an increase in parks and recreational facilities. In smaller communities, Brownfield redevelopment can foster a sense of place, a destination for tourists, and the catalyst for integrated community planning and design.

10. Ability to utilize RLF funding to promote sustainable reuse and renewable energy

The Department works to encourage sustainable reuse and renewable energy use on brownfield sites. Sustainable reuse is found in the redevelopment projects especially the number taking place in under-privileged areas of the City of Wilmington. These areas have existing infrastructure and public transportation. The result of several projects has been to provide affordable housing which leads to job creation and sustainable communities. In addition, the Challenge Program site will be a LEED certified building for a program

designed to promote the employment of otherwise unemployable youth. The program is located in an area of Wilmington with public transportation and many under-privileged residents. Helping these residents learn a trade which enables them to gain employment and promote sustainable development will help the Department promote more LEED certified buildings because the workers will be trained in green development.